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ABSTRACT

A Children's Defense Fund (CDF) survey indicates that many AFDC families are being forced to place their children in low-quality and potentially dangerous child care. Family Support Act (FSA) childcare typically lacks basic health and safety and precautions, fails to provide sufficient assistance to support quality childcare and preschool programs, and does not allow parents the choice of selecting among options. Some states have identified keys to making FSA childcare work better for AFDC families and children. Sections included are: (1) "Protecting Children's Health and Safety," including family day care and care by relatives; (2) "Providing Adequate Amounts of Child Care Assistance"; (3) "Giving Parents Genuine Child Care Choices"; (4) "Inadequate Help for Families Leaving AFDC," discussing low Transitional Child Care (TCC) utilization rates and high parental fees under TCC; and (5) "Recommendations," including federal regulatory and legislative changes and state policy changes. A list of state contacts for jobs-related and transitional child care is provided. (BGC)

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Child Care Under the Family Support Act:

Early Lessons from the States

April 1992

Children's Defense Fund

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EXECUTIVE SUMMARY

Data from a CDF survey of all 50 states and the District of Columbia, as well as other information on state child care policies under the Family Support Act (FSA), indicate that many AFDC families are being forced to place their children in low quality and potentially dangerous child care.

The children being placed at risk are precisely the ones who most need the benefits of comprehensive child care and preschool programs in order to enter school ready to learn. Yet FSA child care typically lacks even the most basic health and safety protections, fails to provide enough assistance to support good quality child care and preschool programs, and denies AFDC parents any genuine choice in selecting among child care options. In addition, despite the FSA promise of Transitional Child Care (TCC) assistance to help parents who leave AFDC for employment remain self-sufficient, this essential help either fails to reach most eligible families or provides too little assistance to meet their needs.

Some states have succeeded in developing more effective FSA child care policies. In areas ranging from the establishment of adequate health and safety protections and reimbursement rates to the development of efffective ways to inform and enroll eligible families in TCC, states have identified many of the keys to making FSA child care work better for AFDC families and their children.

KEY FINDINGS BASED ON EARLY STATE IMPLEMENTATION

Many children in FSA child care, particularly those in family day care homes and informal child care arrangements, were not protected by even the most minimal health and safety requirements.

- Inspections of family day care homes in states such as New Jersey have uncovered a shockingly high incidence of potentially dangerous conditions in homes that are not licensed or regulated, including fire and electrical hazards as well as unsafe storage of toxic substances and lack of accessible first aid supplies.
- Yet in FY 1990, 28 states had either no health or safety protections or only the most minimal procedural requirements, such as reporting of the provider's name or address, for family day care homes that were otherwise exempt from state regulation.

Amounts paid for FSA child care in many states remained far too low to purchase quality care or to give parents real choices about child care.

- National studies suggest that good quality child care that provides a safe and nurturing environment for children typically costs at least $350 or $400 per month -- and much more in high-cost urban areas.
- Yet nine states in FY 1990 paid only the minimum child care rates allowed under FSA -- $200 per month for each child younger than two and $175 per month for older children.
- At least 27 states indicated that child care costs (as reflected in the maximum reimbursement levels they set in plans submitted to the federal government) were higher than the amounts they actually paid for FSA child care. Twenty-six states reported that low FSA rates made some child care providers unwilling to serve AFDC children, thereby restricting parents' child care choices.

Parental choices also were restricted sharply by other state FSA child care policies, including the use of retrospective payments to parents who cannot afford to make initial child care

expenditures, lack of good child care information and counseling, and fragmented state child care systems.

- Even though most AFDC parents are too poor to pay for child care out of their own pockets and then await reimbursement by the state, 28 states in FY 1990 provided at least part of their child care assistance through cash reimbursements to parents. Seven states provided all FSA child care assistance through retrospective payments to parents -- Pennsylvania and New Mexico have since changed their policies, but Hawaii, Idaho, Louisiana, Maine, and South Dakota still rely exclusively on retrospective payments.

- Despite the importance of information and counseling in helping AFDC parents identify the full range of child care options available to them and choose the option that will best meet their needs, many states appeared to ignore these tasks or delegate them to already overwhelmed AFDC case workers who lack any child care training or background.

- Fragmentation of state child care programs increases the likelihood that parents and case workers will not be aware of more comprehensive services or child care assistance available through programs other than FSA. For example, only six states had taken concrete steps in FY 1990 to link Head Start and FSA child care to ensure that AFDC children can gain access to Head Start's comprehensive services while their parents work or participate in education or training.

Most families potentially eligible for Transitional Child Care (TCC) upon leaving AFDC for employment failed to receive such assistance, and those that did so often got too little help to secure reliable, good quality child care.

- Federal data obtained by the Center for Law and Social Policy indicate that a total of 16 states served 5 percent or less of all families potentially eligible for TCC during the 12 months beginning April 1990. New Hampshire and Nevada served no families through TCC, while Delaware, Hawaii, New York, Ohio, Texas, and South Carolina all served 2 percent or less of all potentially eligible families.

- CDF surveys found that some states required families to pay the full cost of care from unrealistically low income levels, further limiting their ability to use TCC. In FY 1990 Alabama required a mother with one child to pay the full cost of care when her income was only $803 per month ($9,636 per year, or 114 percent of the federal poverty level). If her child care costs were $250 per month, she

would have had to pay more than 30 percent of her income for child care.

While state FSA child care policies often failed to meet the needs of AFDC families and children in a host of areas, in each area some states had developed approaches that provided more adequate assistance to AFDC families and increased their access to good quality child care programs. These promising approaches demonstrate that states can serve AFDC families and children effectively through FSA child care if they have the commitment to do so.

RECOMMENDATIONS

In many key areas, states have the ability under the FSA statute and regulations to address more adequately the needs of AFDC children, but have failed to do so. States can raise reimbursement rates, use payment approaches that give parents genuine child care choices, improve information and counseling available to AFDC parents, expand outreach and simplify application processes for TCC, and set parental fees under TCC that reflect families' ability to pay for child care. Unfortunately, many states have ignored the compelling reasons for ensuring that AFDC families gain access to high quality child care and preschool services, instead setting shortsighted policies that seek to initial costs at the expense of essential longer-term investments in AFDC children.

At the same time, the federal government has compounded these problems by issuing regulations that restrict the ability of states to protect the health and safety of AFDC children or to

enhance the quality of FSA child care. FSA regulations place an arbitrarily low cap on FSA reimbursement rates that was not authorized by Congress, reflecting efforts by the Administration to reduce costs and promote cheaper forms of child care for AFDC children. Proposed federal regulations also threaten to make it far more difficult for states to establish even the most reasonable health and safety protections for FSA child care. In an attempt to advance an extreme and ideologically driven but unworkable approach to parental choice, the Administration essentially is forcing states to choose between no protections for AFDC children and sweeping changes in their general child care licensing and registration laws. Finally, federal regulations create needless barriers to TCC services for families that leave AFDC for employment by requiring them to apply for this assistance rather than automatically considering their eligibility (as now done for transitional Medicaid benefits).

Thus, federal and state governments share responsibility for the shortcomings of FSA child care documented in this report. In order to ensure that all AFDC children in FSA child care receive the safe and supportive care they need to enter school ready to learn, a series of policy changes at both federal and state levels is now essential:

- Proposed federal child care regulations should be revised to allow states to protect the health and safety of children in FSA child care, enable states to reimburse providers at the full market rate for child care, and ensure that sliding fee scales for TCC reflect families' ability to pay.
- Federal legislative changes should permit states to pay reimbursement rates high enough to purchase enriched or comprehensive child care services, mandate higher child care payments under the child care disregard, require states to

improve TCC outreach and application procedures for families leaving AFDC, and increase the federal match for TCC expenditures by states.

- States should strengthen protections for children in FSA child care, improve reimbursement rates, eliminate use of retrospective payments to AFDC parents, expand information and counseling efforts to help parents make good child care choices, and strengthen procedures for ensuring that families potentially eligible for TCC receive this essential help.

INTRODUCTION

A safe and healthy child care setting is essential in order for any parents, including those on AFDC, to work outside the home or participate in education or training programs. Without this most basic assurance, parents can neither accept employment with a sense of stability and confidence nor focus their energies on acquiring new skills.

Equally important, good quality child care can give low-income children a critical boost during their key developmental years. High quality child care and preschool programs, by identifying health and developmental problems at early stages, can prevent and often reverse much of the damage that children suffer when growing up poor. In addition, by offering the added stimulation and support many poor children need to enter school ready to learn, strong early childhood programs also are essential to meet the educational goals recently set by the governors and the president.

While the vast majority of AFDC children grow up in loving, caring families, a 1991 study by Child Trends found that the cumulative disadvantages many AFDC children face can jeopardize their full and healthy development early in life:

- o AFDC children are three times more likely than non-poor children to be in poor health. Nearly one-third more suffer from delays in growth or development, a "significant" emotional or behavioral problem, or a learning disability.
- o In part due to these early deficits, AFDC children are more likely to do poorly on achievement tests during early elementary school years, and are twice as likely as their non-poor counterparts to fail in school.

By any reasonable measure, AFDC children face great risks. They are precisely the children who can and should benefit from more comprehensive child care and preschool programs such as Head Start.

Yet instead of offering AFDC children the best child care and preschool opportunities available, FSA child care typically provides the worst. Often it is the cheapest child care parents or administrators can find. Inadequate health and safety protections, unrealistically low reimbursement rates, policies that restrict parental choice, and failure to ensure that families leaving AFDC for employment receive transitional child care (TCC) assistance all combine to threaten the development of AFDC children and the efforts of their parents to achieve economic self-sufficiency.

One would expect all states to be reluctant to acknowledge concerns about the quality of FSA child care for which they are responsible. Yet in response to CDF's surveys, eleven states cited poor quality, particularly in unlicensed or "informal" child care arrangements, as one of their major concerns about FSA child care programs.

FSA's enactment in 1988 created exciting opportunities for states to meet the child care and early childhood education needs of AFDC families and children. FSA established a federal child care entitlement for child care for AFDC families participating in education, training, or work activities, including those funded under the Job Opportunities and Basic Skills (JOBS)

program. FSA also mandated that families losing AFDC due to increased earnings be offered TCC and transitional Medicaid benefits for one year.

These FSA provisions represented important advances in federal policy, but initial state efforts to implement them have fallen far short of what is necessary to meet the needs of AFDC children and enable AFDC parents to take steps toward economic self-sufficiency. In many areas, states have set shortsighted policies that seek to minimize initial costs at the expense of essential longer-term investments in AFDC children and families. At the same time, federal FSA regulations have had a chilling effect on state initiatives, needlessly and inappropriately limiting their ability to respond to the needs of AFDC families and children in many critical areas. As a result, rather than prompting a "revolution" in federal and state responses to the needs of AFDC families and children, early FSA implementation has continued to foster poor quality child care that typically fails to provide AFDC parents basic assurances of safety and reliability and largely ignores the developmental needs of their children.

This report contains data collected by the Children's Defense Fund (CDF) through an extensive survey of all 50 states and the District of Columbia, as well as other information on state policies and state expenditures related to the child care provisions of the Family Support Act. 1/ CDF's survey data, reflecting state policies in state Fiscal Year 1990, are summarized in the text of the paper and presented more fully in

tables in the Appendix. While some state policies related to FSA child care have changed since FY 1990, most remain in place and can be used to form an initial picture of state policies for Title IV-A child care.

All states were required under FSA to implement education and training (JOBS) programs for AFDC parents by October 1990, although they could begin receiving federal reimbursement for expenditures as early as July 1989. All states were required to implement TCC for families leaving AFDC for employment by April 1990. In FY 1990, 30 states, including the District of Columbia, had implemented JOBS (although it was not implemented statewide in all states). All states had implemented their TCC programs, although in most states only for three months.

This report identifies both early problems that must be resolved and good state practices that should be replicated. These early findings are a study in contrast, with promising models highlighted against a darker background of decisions that threaten the quality of care for our most needy children. CDF will continue to analyze data in 1992 to identify other emerging trends in state implementation of these child care programs.

PROTECTING CHILDREN'S HEALTH AND SAFETY

The Family Support Act appears to support states' efforts to protect the health and safety of children in child care. It mandates that FSA child care meet applicable state and local standards, that child care centers receiving FSA funds comply with basic health and safety requirements, and that states endeavor to develop standards for family day care homes.

Yet proposed federal FSA regulations would limit the ability of states to provide even the most minimal health and safety protections for children. If unchanged in final form, they would bar states from imposing any requirements on FSA child care that also do not apply to unsubsidized care of a similar nature. As a result, many states that exempt certain types of unsubsidized child care (such as smaller family day care homes) from state regulation have felt unable to take any significant steps to protect children when public funds under FSA are used to pay for such care. For example, while California requires exempt providers receiving other public funds to obtain a "Trustline Clearance," including criminal and child abuse record checks as well as parent-monitored health and safety reviews, these protections will not be applied to FSA child care programs.

Reasonable state efforts to protect the health and safety of AFDC children in informal child care arrangements are essential. In Elizabeth, New Jersey, for example, basic health and safety inspections of private homes in which AFDC children were to be cared for by friends or relatives uncovered a shockingly high incidence of potentially dangerous conditions: out of 38 homes

inspected in a single year, 32 homes did not have electrical outlets covered; 26 failed to keep toxic substances out of reach; 22 failed to maintain electrical cords in good repair; 18 failed to have a smoke detector on each floor; 24 did not have accessible first aid supplies; and eight had obstructed stairs, halls, or exits.

AFDC children already are at risk because of the extreme poverty in which their families live. States have a responsibility to ensure that they are not placed in child care arrangements through FSA that compound their difficulties by endangering their health and safety -- both as a logical extension of the public interest in the well-being of AFDC children and as a practical step to protect themselves from potential legal liability for any future harm to children in such situations. While most formal child care programs, including centers and larger family day care homes, typically are subject to state regulation, smaller family day care homes and other informal child care arrangements demand special attention by states in order to protect children in FSA child care.

Family day care

In their initial FSA policies, many states failed to ensure that the health and safety of children in family day care homes were protected:

- Twenty-eight states in FY 1990 had either no requirements or only minimal procedural requirements, such as reporting of the provider's name or address, for family day care homes that were otherwise exempt from state licensing or registration requirements (see footnote for specific states). 2/

- Only 14 states had some quality or health and safety protections in place for such exempt family day care homes to protect FSA children. 3/

Even states that required health and safety protections often addressed only the most basic issues -- requiring, for example, that the caretaker be 18 or older, or checking for a prior history of child abuse or neglect through a centralized registry. (For a more complete list of state efforts to protect children in exempt or self-certified family day care, see Appendix A.)

In the past, many states did a better job protecting children in subsidized family day care. Many states exempted a significant number of family day care homes (generally those caring for smaller numbers of children) from general licensing or registration requirements, and several states exempted all family day care homes from regulation. 4/ However, these same child care providers had to comply with at least basic health and safety requirements to receive public funds. Now proposed federal regulations have led many states to abandon these protections for AFDC children and use FSA funds to purchase unregulated types of child care without any attempt to monitor or ensure their health and safety. For example, Iowa used to require family day care providers who received Title XX or state child care funds to meet a series of health and safety standards, and the state inspected roughly 20 percent of these homes each year. Now family day care providers receiving public funds are required only to provide their name and address and sign a statement indicating that they meet certain minimal requirements.

The proposed regulations state that if states wish to require FSA providers to meet health and safety standards, these standards must be part of the state's broader regulatory system and cannot be applied solely to FSA or other subsidized child care. Yet because the proposed regulations were published as a "notice of proposed rulemaking," they do not have the force of law unless they are reissued as final regulations. In the interim, several states -- including Arizona, New Jersey, Ohio, and Tennessee -- have taken significant steps to ensure that family day care under FSA provides a safe environment for children.

In New Jersey, for example, family day care homes serving five or fewer children are not required to be licensed or registered. To receive FSA child care funds, however, these exempt family day care homes must be either "registered" or "approved" by the state. To be "registered," the home must meet health and safety as well as group size requirements, and the provider must have a physical exam and receive some training. These homes are inspected periodically to verify compliance. To be "approved," the family day care provider must be either a relative or friend of the eligible FSA family and pass a health and safety inspection. Approved homes are reimbursed at a lower rate, preserving an incentive to meet the more stringent requirements for registered homes.

Since FY 1990 some states also have responded to concerns about the health and safety of children by changing their licensing or reimbursement policies. For example, Arkansas

passed a law requiring all child care providers receiving public child care funds (except relatives) to become licensed or registered with the state by January 1992, and Wisconsin will implement a similar requirement effective January 1993. Similarly, Texas still exempts small homes caring for three or fewer children from licensure, but now requires those receiving FSA funds to meet the same health, safety, and training requirements as larger homes.

Care by relatives

Informal caregivers, most typically relatives, often provide an important source of care, particularly for parents beginning part-time, short-term training programs and for those just re-entering training or education programs. Care by relatives can offer much-needed flexibility and peace of mind while parents settle into new routines and discern their longer term child care needs.

At the same time, however, relative care under the Family Support Act has posed serious dilemmas for many states. When relatives are paid with public funds, states frequently have felt an obligation to ensure that such care meets basic health and safety standards. Yet proposed FSA regulations would require states -- in many cases for the first time -- to provide public funds for care by relatives without any health or safety protections, again making it very difficult for states to protect children in FSA child care.

Under the Child Care and Development Block Grant, relatives other than grandparents, aunts, and uncles must meet a set of

minimum standards. In contrast, under FSA any relative (including a distant cousin) is exempt from such protections except in those instances where they are covered by general state child care licensing or registration requirements. Largely as a result of the constraints imposed on states by proposed federal regulations, most states failed to provide even minimal protections for children in relative care paid for under FSA:

- Thirty-two states in FY 1990 did not impose even the most minimal health and safety requirements on relatives receiving FSA child care funds. 5/
- An additional 11 states required unregulated relatives to meet only minimal requirements to protect the safety of children. 6/ For example, Florida, Maine, and Rhode Island required a protective services or criminal records check; Illinois and the District of Columbia required that relatives have a health check-up and tuberculosis (TB) test.

Five other states -- Kansas, New Jersey, Ohio, Oklahoma, and Tennessee -- did have more stringent requirements for relatives in FY 1990. Relatives and other in-home providers in Ohio were required to be "certified" to receive state child care funds. Certification involved such things as compliance with basic health and safety requirements, training, and that children in care be immunized to prevent the spread of infectious diseases.

A few states also have made efforts to ensure that relatives who care for AFDC children take their responsibilities seriously. Maryland, for example, now requires relatives to sign a "statement of understanding" indicating that they are aware of state law and their responsibilities in caring for children.

Other gaps in protections for AFDC children

Another state response to proposed federal regulations that

makes it more difficult to protect children in FSA child care has been to avoid any role in monitoring or ensuring their health and safety by making direct cash payments to parents rather than contracting with or reimbursing child care providers:

- Ten states in FY 1990 took no steps to protect the health and safety of any children through their FSA child care program, relying only on direct payments to parents while having no contact with the child care provider.
- A total of 32 states paid for child care in at least some circumstances without assuming any role in protecting children's health and safety by making direct cash payments to parents.

By making direct payments to parents, some states hope to protect themselves from legal liability for future harm to children in unregulated child care settings required by federal regulations to be eligible for FSA funding. In the process, however, states make it nearly impossible to ensure providers meet even the most minimal health and safety protections or comply with the FSA requirement that parents be guaranteed unlimited access to their child's child care facility.

PROVIDING ADEQUATE AMOUNTS OF CHILD CARE ASSISTANCE

Another major barrier to ensuring that AFDC children receive safe, good quality child care are the limited amounts available to pay for child care.

Instead of providing the funds and emphasis necessary to help states ensure that the nation's poorest children -- those in AFDC families -- receive high quality child care while their parents work or participate in education or training, federal regulations under the Family Support Act limit states' ability to purchase comprehensive or even adequate child care services for this vulnerable population. Federal regulations have impeded states by arbitrarily denying federal reimbursements to states for child care costs exceeding the seventy-fifth percentile of local market rates.

This reimbursement cap is not authorized by the FSA statute, which allows states to pay up to local market rates, and seemingly contradicts congressional intent in this regard. Yet the cap has prevented some states from raising their reimbursement rates as much as they believe is necessary to ensure an adequate supply of good quality child care. According to a September 1991 report by the U.S. General Accounting Office, JOBS child care administrators in 36 states believed that the statewide need for child care exceeded the supply. In response to CDF's surveys, 26 states also reported that low rates in FY 1990 further limited the supply of child care available to AFDC parents by making some providers unwilling to serve FSA children. 7/

Reimbursement Rates for Child Care Providers

Despite the availability of federal matching funds under FSA and the statute's apparent intent to provide child care assistance at local market rates, some states have set their FSA reimbursement rates at very low levels. Nine states in FY 1990 paid only the minimum child care rates allowed under FSA -- $200 per month for each child younger than two and $175 per month for older children. 8/ In at least six other states, child care rates were only marginally above these minimum levels. 9/ For example, Kansas paid only $195 per month, Missouri paid $188 per month, and Utah paid $185 per month for a four-year-old in a child care center. These low rates -- less than $10 per day -- clearly are inadequate in most circumstances to purchase safe, stimulating, and nurturing care for preschool-age children.

Other states have taken advantage of new federal matching funds under FSA to set more adequate child care reimbursement rates for AFDC children. At least 17 states paid more than 50 percent above the minimum reimbursement rates mandated under FSA. For example, California paid $649 a month for an infant in family day care, Ohio paid $614, Virginia and Wisconsin paid $516, Minnesota paid $464, and New Hampshire paid $412 (See Table 1).

In FY 1990 at least three states -- California, Massachusetts, and Minnesota -- set their FSA child care rates for some or all AFDC families above the seventy-fifth percentile of local market rates, using their own state funds to exceed the reimbursement cap set by federal regulation. More adequate rates

in these states have helped encourage more providers to accept children subsidized through FSA.

Several other states, including Alaska, Nebraska, and Utah, also exceeded this federal reimbursement limit but only in more limited circumstances (for example, to overcome shortages of child care in rural areas or during non-traditional work hours). But in light of current state fiscal constraints, most states have found it impossible to raise FSA reimbursement rates above the seventy-fifth percentile without the help of federal matching funds.

Federal data on state FSA reimbursement rates can be misleading in several respects. For example, many states set high reimbursement ceilings in their submissions to the U.S. Department of Health and Human Services (HHS) -- presumably reflecting the seventy-fifth percentile of local market rates as prescribed by federal regulation -- but then refused to pay these higher rates. At least 27 states in FY 1990 set maximum reimbursement rates that were higher than the amounts they actually paid; in 17 of these states, the rates paid were more than $80 per month less than the reported ceilings. (In the most extreme case, Nebraska set a statewide reimbursement limit of $1,000 per month for children younger than two but in fact paid only $279 per month.) HHS recently instructed states that they cannot set their reimbursement levels at the seventy-fifth percentile and then refuse to pay maximum rates at that level when the market warrants it.

Restrictive payment policies in some states also lowered the effective reimbursement rates paid for FSA child care. For example, five states (Idaho, Maine, Nevada, North Dakota, and Wyoming) refused to pay providers for any days that a child was absent, whether due to illness, holidays, or vacations. This approach reduces reimbursements for FSA child care even though providers typically have no control over these absences; it also denies providers reliable payments on a regular basis. (Parents with children in child care who do not receive subsidies usually are not excused from paying fees for days when their children are absent.)

Assistance to AFDC parents working outside the home

States have made even less progress in ensuring that AFDC parents who are employed while remaining on AFDC receive good quality child care. These AFDC families -- the very families that most obviously are struggling to support their families but still earn too little to move completely off AFDC -- desperately need reliable, good quality child care. Yet they often are denied adequate help by states' excessive reliance upon the child care disregard as the means for paying their child care costs.

Prior to FSA's enactment, the child care disregard was the only payment approach available through Title IV-A for child care assistance to AFDC families. Some AFDC parents who work outside the home continue to be eligible, at least temporarily, for a partial AFDC grant that is reduced to take into account their earnings. For such parents, the disregard deducts their child

care expenses from their earnings before calculating the size of their AFDC grant. In effect, the disregard reimburses parents for child care payments they have made by increasing the AFDC payment they otherwise would receive.

However, federal matching funds to states for child care assistance through the disregard are limited to $175 per month per child (or $200 per month for infants and toddlers younger than two). This is far less than the federal match for other forms of FSA child care, preventing AFDC parents who work outside the home from paying as much for child care as other AFDC families and restricting even further their access to higher quality child care. Yet despite these shortcomings, many states still relied upon the child care disregard as the major or only way of paying for care for AFDC parents who work outside the home: 10/

- In 10 states, the child care disregard was the only mechanism used to pay for child care for employed AFDC recipients in FY 1990. 11/
- In a number of other states, it appears that the child care disregard was the primary mechanism used to pay for child care for recipients who worked outside the home.

Although all states have the option of supplementing the child care disregard so that it provides the same amount of assistance provided to other AFDC families, in FY 1990 only eight states did so. 12/ Only three of the 10 states that relied exclusively on the child care disregard to help employed AFDC parents supplemented the disregard. This failure to supplement the disregard virtually ensures that some AFDC parents working outside the home will receive child care reimbursements that are

far less than the seventy-fifth percentile of the market rate for child care in their communities.

The effect of this reliance upon the disregard is to give employed AFDC parents fewer child care choices and force them to use cheaper, less reliable forms of care. Excessive reliance upon the disregard also can disrupt the continuity of care AFDC children receive as their parents move from education or training programs into employment. When higher child care reimbursement rates during education or training are replaced by lower disregard limits because AFDC parents find jobs, the effective reduction in assistance jeopardizes existing child care arrangements precisely when they need to be most secure.

Promoting comprehensive services and meeting special needs

One strategy that states use to strengthen the quality of care and expand families' child care options is to pay higher reimbursement rates for higher quality care. For example, Kansas paid higher rates for family day care providers who had a Child Development Associate (CDA) credential and Minnesota did similarly for child care programs that were accredited by the National Association for the Education of Young Children (NAEYC). Other states, including Florida, Colorado, and Iowa, negotiated rates with individual providers and paid higher rates to those that offered more comprehensive services or higher quality care.

Many states also try to encourage providers to improve the quality of care they provide and become licensed or registered by paying lower reimbursement rates for unregulated forms of child care (on the grounds that they do not meet health and

safety standards and are generally less expensive). In at least some circumstances, 29 states paid lower reimbursement rates for care by non-regulated relatives or in-home care. 13/ Twenty states also paid lower rates for care provided in family day care homes that are exempt from state licensure and meet either no or more modest standards. 14/

Most states, however, have failed to take steps to expand AFDC families' access to high quality child care. For example, no state reported that it had adopted policies in FY 1990 to ensure that AFDC children had access to the kinds of additional services (such as health and dental screenings) provided through the comprehensive Head Start program.

Higher reimbursement rates and other forms of state support for comprehensive child care services are most obviously important for children with special needs. Care for children with special needs often is more expensive because it may require higher staff-to-child ratios. For example, in Missouri a structured, therapeutic program for protective services child care is up to 20 percent more expensive than other child care services. States are allowed to establish higher reimbursement rates for special needs children under FSA, but only 11 had done so in FY 1990. 15/

Similarly, even though teen parents are a major FSA target group, few states have recognized their unique child care needs and undertaken special efforts to meet them. Good quality child care programs for teen parents often are more costly because they include a strong parent education component and special outreach

to fathers or other family members. Lack of good quality child care for teen parents can have devastating effects. Forty-two percent of the teen parents interviewed in a survey of AFDC parents in Illinois had quit school within the previous year because of child care problems.

However, some states and local communities have found promising ways of developing and promoting more comprehensive services for AFDC children under FSA:

- Some localities have made creative and exciting use of FSA funds, combined with other funding, to make Head Start programs full-day and therefore viable for FSA children. In Kansas City, the New Start program gives 120 AFDC children access to full-time, full-year Head Start services.

- A Head Start program in Lewiston, Maine, not only provides full-time care when necessary through the use of FSA funds, but also helps link parents who are on AFDC with available employment and training programs.

- Some states or localities also have found creative ways to combine FSA dollars with other funding to create or expand on-site child care for teen parents in school. Exemplary programs in San Diego, California, and Portland, Oregon, for example, provide careful counseling to teen parents about their child care options and help fund on-site child care that in a number of sites provides these young parents with parenting skills and hands-on child development training.

- Massachusetts provides enhanced FSA child care funding for services to teen parents, and Florida is exploring the possibility of using FSA funding for supportive services to provide enriched child care opportunities by combining FSA child care with supportive services such as parent-child literacy training and parent education.

GIVING PARENTS GENUINE CHILD CARE CHOICES

The FSA regulations emphasize parental choice. AFDC parents must be provided an opportunity to choose the child care arrangement if more than one type of child care is available. However, genuine choice is impossible if the supply of child care in the community is inadequate or if parents receive too little assistance to purchase the type of care they prefer.

Many low-income parents are not able to choose the type of child care they would prefer. For example, a recent national study found that 27 percent of low-income parents with children younger than five in child care wanted to change their child care arrangements. More than two-thirds of these parents wanted but could not obtain center-based care; the majority cited the quality of care as the primary reason for wanting to change their current arrangements. Both the higher cost and the limited availability of center-based care are major factors in restricting the choices of low-income parents.

In addition to the inadequate FSA reimbursement rates discussed in the previous section, many other state policies severely limit the extent to which AFDC parents have genuine choice in child care, including: the use of retrospective payments to parents who cannot afford to make initial child care expenditures, lack of good child care information and counseling, and fragmented state child care systems.

Retrospective payments to parents

The FSA authorizes states to use a broad range of approaches in paying for child care. These include contracts, vouchers,

and retrospective or prospective payments to parents and providers. Most of these payment approaches, if administered appropriately and used in the proper circumstances, can offer distinct advantages for parents and providers. Yet the use of direct payments to parents typically is one of the least satisfactory options and frequently deprives AFDC parents of any meaningful choice in arranging for the care of their children.

As mentioned earlier, any form of direct cash payment to AFDC parents makes it nearly impossible for states to monitor or ensure the health and safety of FSA child care. Yet direct payments have the additional drawback of restricting AFDC families' access to care because providers often are skeptical of the ability of poor families, including but not limited to those on AFDC, to pay their child care expenses on a regular basis. Seventeen states reported that direct payments to parents and delays in payments contribute to providers' unwillingness to serve children subsidized through the JOBS or Transitional Child Care programs. 16/ Many child care providers, fearing that they will not be paid regularly by low-income parents under intense economic pressures, simply refuse to take subsidized children unless they receive payment directly from the state.

Oregon actually stopped paying parents directly in its state-funded child care program and instead established a voucher-like system of provider reimbursements after low-income parents complained that they could not locate child care providers willing to serve their children without guaranteed payment from the state. A few other states also have limited

their use of direct payments to parents since FY 1990. Mississippi no longer pays parents directly under any circumstances. Connecticut and New Mexico still use direct payments, but now will reimburse child care providers as well.

These problems associated with direct payments to AFDC parents are compounded when states pay parents retrospectively (as well as when they reimburse AFDC parents working outside the home through the child care disregard). Such a practice requires very poor parents to pay child care providers out of their own pockets. Most AFDC parents simply cannot afford to pay even modest child care expenses -- and particularly not those for higher quality, formal child care arrangements -- and then wait a month or two for reimbursement from the state.

The dilemma caused by use of retrospective payments is strikingly illustrated by the Illinois Department of Public Assistance study. Among current and former AFDC families surveyed, the study found clear evidence that the out-of-pocket expenses associated with the child care disregard led to increased use of less expensive, informal child care providers. In contrast, parents enrolled in Project Chance (Illinois' JOBS program) or receiving transitional child care were more likely to use center-based care because the state paid virtually all providers directly rather than making parents pay and wait for reimbursement.

Despite these clear shortcomings, however, many states in FY 1990 used retrospective cash reimbursements to parents as a major, and in some cases the only, way of paying for FSA child

care. In seven states -- Hawaii, Idaho, Louisiana, Maine, New Mexico, Pennsylvania, and South Dakota -- all FSA child care assistance was provided by reimbursing parents after they had paid child care providers. (New Mexico and Pennsylvania have since abandoned this policy of relying exclusively on retrospective payments.) Other states, such as Missouri, Nevada, New Hampshire, Texas, and Wisconsin, used some combination of payment approaches but still relied heavily upon cash reimbursements to parents. Finally, many other states used retrospective payments in more limited instances. Of 32 states that reported paying parents directly in some circumstances, 28 states did so through cash reimbursement rather than prospective payments to parents. (See Tables 2 and 3 for state-by-state data.)

As discussed in the previous section, 10 states also relied solely upon the child care disregard to pay for child care for AFDC parents who are employed outside the home. Only a few of these states took advantage of the option under federal regulations to pay for the first month or two months of child care prospectively before using and then use the child care disregard -- an option that would help parents overcome the barriers to genuine choice posed by the initial, up-front payment for child care. Thus, even states that use more appropriate payment approaches for AFDC parents in education or training often force those who work outside the home to purchase cheaper and often lower quality child care by requiring them to use the child care disregard.

Information and counseling for parents

The FSA requires states to inform parents participating in the JOBS program that they can obtain help in locating child care and to provide such assistance upon request. Yet many states appear to delegate these tasks to already overwhelmed case workers who lack any child care training or background. In the process, adequate information and counseling effectively is denied many AFDC parents.

Lack of good counseling means that parents are often unaware of available assistance and child care options. In the Illinois study, for example, one in four parents potentially eligible for transitional child care assistance reported that they had not been given information about it. In addition, one in three potentially eligible parents did not believe they were eligible, and one in seven reported that a case worker had told them they were ineligible. These serious problems reflected a lack of training about TCC and the inability of many case workers to counsel clients about child care subsidy options available to them.

Some states have adopted creative approaches in attempting to inform parents and locate appropriate child care for them. A number of states -- including California, Florida, Idaho, Illinois, Maryland, Massachusetts, and New Jersey -- are relying upon child care resource and referral (R&R) agencies to improve counseling and help AFDC families navigate the child care system in at least <u>some</u> areas of the state. In many of these states, agencies provide "enhanced" R&R services to families, including

counseling about the components of quality child care, needs assessments, and follow-up calls. Massachusetts also outposts R&R counselors in some local welfare offices to assist AFDC parents in making informed child care choices.

Fragmented child care programs

To have genuine choice in meeting their child care needs, AFDC parents must be aware of the full range of child care and early childhood development options available to them. Yet both parents and case workers often are unaware of more comprehensive services or child care assistance available through programs other than FSA, particularly when those programs are administered by different state or federal agencies.

For example, while linkages to the federal Head Start program provide an obvious opportunity to strengthen the quality of FSA child care, only a handful of states had taken concrete steps in FY 1990 to ensure that AFDC children can gain access to Head Start's comprehensive services while their parents participate in education, training, or work. Head Start is unique and important for low-income children and their families because it offers a host of comprehensive services (including education, health, nutrition, and social services) while also encouraging extensive parent involvement. Yet AFDC parents who are employed or enrolled in education and training programs on a full-time basis often cannot place their children in Head Start programs, which typically operate on a part-time, part-year schedule. Only six states (Alabama, California, Delaware, Illinois, Maine, and Nevada) have sought to overcome this barrier by setting aside

funds for full-day care or developing written agreements for collaboration with Head Start (either through regional Head Start offices or local grantees).

In addition to Head Start, the range of separate child care and early childhood development programs that may help AFDC families can be quite broad, including the new federal Child Care and Development Block Grant and "At-Risk" Child Care programs, the federal Title XX Social Services Block Grant and state-funded child care, preschool, and after-school programs. These alternative sources of child care help may be particularly important for AFDC families with special child care needs and those who are on the verge of losing their eligibility for FSA child care.

Because these programs are administered by other agencies, parents and case workers may not know how to obtain such assistance. In almost half the states, FSA child care programs are not administered by the same office as the Title XX Social Services Block Grant and other state child care programs. In many of these states, new federal funds under the Child Care and Development Block Grant also are administered by an office other than the one handling FSA child care.

In part for this reason, Texas has established a "single point of entry" system for all its child care programs, including FSA child care. By funneling all families who apply for child care assistance through a common intake system, the state hopes to ensure that families gain access to all relevant child care programs.

In 1991 Ohio's Department of Human Resources also began using a simple application form and a single, uniform income eligibility ceiling (185 percent of poverty) for all subsidized child care programs in the state. County agencies administering these child care funds are required to establish arrangements whereby parents can file applications at convenient times and locations, rather than accepting applications only at agency offices during normal working hours.

INADEQUATE HELP FOR FAMILIES LEAVING AFDC

Families that work their way off the AFDC rolls usually remain poor and still need help with child care costs if they are to remain employed. Recognizing the importance of continuing child care help for AFDC parents who secure employment, FSA authorizes transitional child care (TCC) for up to 12 months when families leave AFDC due to increased earnings.

In the absence of transitional child care assistance, the efforts of parents to leave AFDC for employment often are stymied. For example, the Illinois Department of Public Aid study found that one in five parents surveyed who had found employment ended up returning to AFDC at least in part because of child care problems. Nearly one-third of these parents reported that child care problems prevented them from working more hours or accepting full-time employment. Parents who returned to AFDC after leaving for employment were the least likely to have received TCC assistance. Families that did receive TCC help viewed it as "critical," expressing fears that they would be unable to keep their jobs without it.

Despite the importance of TCC, however, most families potentially eligible for transitional child care upon leaving AFDC for employment failed to receive such assistance in FY 1990. Those that that did so often got too little help to secure reliable, good quality child care.

Low TCC utilization rates

While many new programs take some time to get off the ground and become fully implemented, early evidence suggests that

the initial phase of the TCC program has been unusually slow and ineffective, with most eligible families never receiving any child care help through TCC. Federal data obtained by the Center for Law and Social Policy indicate that a total of 16 states served 5 percent or less of all families potentially eligible for TCC during the 12 months beginning April 1990. New Hampshire and Nevada served no families through TCC, while Delaware, Hawaii, New York, Ohio, Texas, and South Carolina all served 2 percent or less of all potentially eligible families.

Only eight states -- Connecticut, Louisiana, Massachusetts, Nebraska, New Jersey, Oregon, Rhode Island, and Tennessee -- managed to provide TCC to at least 20 percent of all potentially eligible families. In many of these states, these higher utilization rates are a direct result of state policies designed to ensure that families leaving AFDC due to earned income are aware of and easily enrolled in the TCC program. (See page 39 for details.)

Overall, however, TCC utilization rates nationally have been far lower than originally anticipated. The Congressional Budget Office initially projected that by 1991, 36 percent of children potentially eligible for TCC would use it each month, at an annual federal cost of $25 million. But in FY 1990 federal expenditures for TCC reached only about $11 million. (For state data on FSA child care expenditures, see Appendix C.)

High parental fees under TCC

Even families that receive TCC assistance often do not get enough help to purchase stable and adequate child care that

allows them to continue working outside the home. The FSA provides that all families using TCC must contribute something to the cost of care, with fees based on families' ability to pay. Yet when TCC fees are set at high levels, many parents effectively are denied the opportunity to participate.

While FSA requires states to provide one year of transitional child care to all families that leave AFDC due to increases in earned income, some states have undermined this TCC guarantee by requiring families with very low incomes to pay the full cost of care:

- In FY 1990 Alabama required a mother with one child to pay the full cost of care when her income was only $803 per month ($9,636 per year, or 114 percent of the federal poverty level). If her child care costs were $60 per week, she would be forced to pay more than 30 percent of her income for child care.

- In 14 states, a mother with one child and an income of less than $1,292 per month ($15,504 per year, or 185 percent of poverty) would have been required to pay the full cost of care. 17/

- Similarly, five states required a mother with two children in care earning $1,250 per month ($15,000 per year, or slightly more than 140 percent of poverty) to pay the full cost of their child care. 18/

Even when parents are not required to pay the full cost of care, high TCC fees can place extraordinary and unreasonable burdens on them. (See Tables 4, 5, 6, and 7 for state-by-state data.) In FY 1990 some state co-payment requirements were well beyond the ability of TCC families:

- In Nebraska, a mother with two children in child care and earnings slightly below the federal poverty level would have had to pay 42.6 percent of her income in child care fees. Nationally, families at all income levels with two or more children spend an average of 7.4 percent of their income on child care.

- In 16 states a mother with two children in child care earning 140 percent of the federal poverty level would have been required to pay more than 10 percent of her income for child care. 19/ In contrast, eight other states would have required the same mother to pay $5 or less per month for TCC child care.

Total parental fees climbed even higher when states allowed child care providers to charge TCC parents additional fees to make up the difference between state reimbursement rates and the full cost of care paid by unsubsidized families. Many states in FY 1990 neither prohibited this practice nor took these added costs to parents into account when determining their TCC fees.

Inadequate TCC help and excessive parental fees make many child care options unaffordable for families leaving AFDC, sharply restricting parental choice and denying families access to better quality care that is available only at higher costs. Yet some states limit these choices even further by imposing higher TCC fees or required co-payments when parents choose certain types of child care arrangements. At least 19 states indicated in their original TCC interim plans that they would vary the amount of fees charged to parents depending upon the type of child care they used. Some of these states imposed higher fees for particular kinds of child care arrangements (such as center-based care). Others based the size of the required co-payment on a percentage of the cost of care -- a practice that again restricts parental choice and penalizes parents for choosing more costly, often higher quality care.

If TCC is to ensure that child care is affordable for vulnerable families, parental fees and related state policies

must be reasonable. Since CDF conducted its survey of state policies in effect in FY 1990, some states have altered their sliding fee scales in recognition of the need to set reasonable TCC fees. CDF facilitated some of these changes by developing a model sliding fee scale for state child care programs that uses national expenditure data to estimate what families realistically can afford to pay. This model, or variations on it, currently is being considered or implemented by a number of states. Copies of CDF's publication describing this model, Sliding Fee Scales That Work: A Model for State Implementation, can be obtained by writing to CDF's Family Support Division.

State Policies That Promote TCC Utilization

Providing notice about transitional child care at key times when recipients are likely to absorb the information. Washington state notifies recipients about TCC when they find a job (even though many of them remain eligible for AFDC on a temporary basis due to the earned income disregard). Rhode Island case managers describe TCC benefits when a recipient first enters the JOBS program, strengthening the motivation to participate in and complete education or training by assuring AFDC parents that child care assistance will be provided when they find employment.

Emphasizing personal contact and counseling for families that are potentially eligible for TCC. If a potentially eligible family in Tennessee does not request TCC within 10 days after receiving a TCC notice (sent with the last AFDC check), a state-funded broker agency contacts the client through a personal letter or telephone call. The broker agency provides counseling on available child care options and accepts applications for TCC services. Tennessee has used this approach to achieve one of the highest TCC utilization rates in the nation. Idaho, Illinois, Indiana, Kentucky, and Pennsylvania also are developing stronger outreach efforts for eligible families.

Training staff about TCC and encouraging workers to "market" the program. Washington State has mounted strong staff training initiatives and achieved TCC participation rates in the top quarter of all states. Similarly, staff training and related marketing efforts in San Diego County, California has enabled the county to generate close to half of the state's entire TCC caseload.

Giving families sufficient advance notice about TCC procedures so they can request and be approved for TCC before they lose the child care they receive while in education or training. Again, Rhode Island reports success in notifying recipients 30 days before JOBS child care is due to end, and again 10 days before termination.

Simplifying the eligibility process. Unlike transitional Medicaid, federal regulations require that TCC be provided only after families request benefits. Reports by states to HHS show that there is often a huge gap between families receiving transitional Medicaid benefits and those receiving TCC. (In one state, nearly six times as many families leaving AFDC due to earned income receive transitional Medicaid as receive TCC.) Massachusetts has sought to overcome these barriers to utilization by ensuring that local child care voucher agencies automatically notify parents leaving AFDC due to earned income of their continuing eligibility for child care assistance through TCC.

RECOMMENDATIONS

Ensuring that every child receiving child care funded by the Family Support Act receives the safe and supportive care that he or she needs to enter school ready to learn will require a series of policy changes at the federal, state, and local levels.

All poor children -- whether their families seek assistance through FSA, Head Start, the Child Care and Development Block Grant, or other federal or state programs -- need a strong early childhood development experience to prepare them to succeed in school. To ensure that poor children receive good quality child care through FSA and that their parents have real child care choices, the following policy changes must be made.

Federal Regulatory Changes

Proposed federal regulations for child care funded for children whose families are receiving welfare, just moving off dependence on welfare, or who would be on welfare if it were not for child care assistance should be changed to:

- Allow states to establish protections for children in FSA and other subsidized child care without having to extend those same standards to unsubsidized child care settings.
- Allow states to reimburse providers at the full market rate of care and give them the flexibility to pay higher rates for programs that offer comprehensive services and services to special populations, including special needs children and children of teen parents.
- Ensure that sliding fee scales reflect ability to pay based on family size and income. The scales should not require families to pay for the full cost of child care before they can afford to do so, not penalize parents who choose certain types of care, and prohibit (or at least take into account) fees charged to parents by providers in addition to the co-payment required under the sliding fee scale.

Federal Legislative Changes

Federal legislation should help ensure that stumbling blocks are not placed before families who need child care assistance as they move off dependence on welfare. Amendments to the Family Support Act should:

- Clarify that states need not require a request from families to consider their eligibility for transitional child care. While the FSA statute does not require such a request, HHS regulations do. In contrast, the FSA was explicit that families should be considered for continuing eligibility for Medicaid transitional benefits without reapplication. Allowing states to follow a similar procedure for TCC would help to ensure that families do not fall through the cracks.

- Require states to file a plan with the U.S. Department of Health and Human Services, as part of their supportive services plan, describing how they will improve their procedures for notifying families about their eligibility for transitional child care. To ensure that TCC outreach is a priority, an increased federal match also should be provided for these activities.

- Require states to counsel families leaving TCC about their options for ongoing child care assistance, to offer assistance to TCC families wishing to apply for such assistance, and to provide such assistance upon request.

FSA amendments also should ensure that FSA child care rates are high enough to provide the enriched child care that poor children so often require:

- Allow states to be reimbursed at rates that are high enough to pay for enriched or comprehensive services.

- Require that states supplement the child care disregard (beyond the limit of $175 for preschool age children and $200 for infants and toddlers) if they pay higher rates for other AFDC families so that AFDC parents using the disregard can maintain their existing child care arrangements or at least have a broader range of child care choices.

State Policy Changes

To ensure that parents receiving child care funded by FSA have the choice of using safe and supportive child care, states should:

- Consider establishing universal protections for all children in family day care settings, or at a minimum expanding protections for children in subsidized informal child care. They should build on and expand the experience of other states that have created child care protections that ensure the health and safety as well as sound development of children in family day care and informal care settings.

- Increase the amount they pay for child care by:

  - Adopting the local market rate instead of the disregard limits;
  - Ensuring that FSA rates are at least as high as the seventy-fifth percentile of the local market rate;
  - Supplementing FSA rates above the seventy-fifth percentile of the local market rate with state-only funds; and
  - Setting higher rates for enriched child care or more comprehensive services as well as for more costly care such as care for special needs children and children of teen parents.

- Provide child care assistance to AFDC parents who are working outside the home on the same basis as for parents enrolled in education or training programs, rather than using the child care disregard as the sole or primary means of paying for their care. If parents do use the disregard, states should supplement the $175/$200 per month limits to provide the same amount of assistance that is made available to other AFDC families.

- Use a mix of approaches to pay for child care, including both vouchers and contracts. Vouchers can help ensure that child care arrangements can begin quickly and can be changed easily as a family's needs change. Contracts can help build supply by giving providers a sense that they will have a reliable source of income if they expand facilities to serve FSA children. They also potentially expand parent choice.

- Eliminate retroactive reimbursements to poor parents, who by definition cannot afford to pay child care providers and then wait for the state to reimburse them. Direct payments to parents for self-arranged care should be made on a prospective basis and be accompanied by a written agreement that allows the state to monitor the background of the provider and the safety of the child care setting.

- Pay providers for days that children are absent so that FSA rates are competitive with the private child care market.

States should strengthen their efforts to help families find and choose child care by:

- Using resource and referral agencies to provide outreach, counseling, and case management as well as to help develop increased child care options for families.

- Providing child care counseling at key times, including: JOBS Program orientation; at points in the JOBS program when a parent's activities and child care needs may also change; when a parent finds employment; and when a parent leaves the welfare rolls.

- Maintaining ongoing contact with families about their child care needs, and following up with them if they do not respond to a written notice.

- Training FSA workers to understand and encourage the use of FSA child care, ensuring that they have both the child care background and skills to help families.

- Emphasizing personal contact with clients and explaining child care options orally in the clients' primary language rather than relying solely on written materials.

- Working to improve communication and awareness of child care options among FSA child care administrators and those of other child care or early childhood programs, including other agencies such as the Department of Education.

- Training and providing information to child care providers and other social service agencies regarding eligibility and application procedures for FSA child care, and conducting broader public education campaigns (including the use of posters, brochures, videos, and public service announcements) to publicize the availability of FSA child care.

States should take special steps to help low-income families moving off AFDC when they lose TCC eligiblity by:

- Counseling families receiving FSA and transitional child care about opportunities for ongoing child care assistance;

- Automatically considering eligibility of families about to exhaust FSA and transitional child care benefits for other federal or state-funded child care benefits.

END NOTES

1/ Most of the attached data were gathered through extensive surveys with state administrators, more than half of whom reported the information through phone interviews. Other administrators responded in writing. Portions of the data subsequently were verified by the respondents to ensure accuracy. This report summarizes the most useful data and, where appropriate, presents detailed state-by-state tables describing state policies and activities in state fiscal year 1990. Additionally, we augmented the CDF survey with other available information, which is cited where appropriate.

2/ Twenty-one states reported having no requirements: Arkansas, Connecticut, Georgia, Hawaii, Idaho, Indiana, Iowa, Kentucky, Louisiana, Michigan, Mississippi, Missouri, New Mexico, New York, North Dakota, Pennsylvania, South Carolina, South Dakota, Virginia, Wisconsin, and Wyoming. Seven states reported having minimal, requirements such as age, social security number, phone number: Montana, New Hampshire, North Carolina, Oregon, Texas, Utah, and Vermont.

3/ Six states had substantial protections for exempt family day care homes: Alaska, Arizona, Kansas, New Jersey, Ohio, and Tennessee. Eight other states had minimal requirements to protect children: California, Colorado, Florida, Illinois, Nebraska, Maine, Pennsylvania, and West Virginia.

4/ Alabama, the District of Columbia, Delaware, Massachusetts, Oklahoma, Rhode Island, and Washington did not exempt any family day care home providers.

5/ States that had no requirements for relatives: Alabama, Arizona, Arkansas, Connecticut, Georgia, Hawaii, Idaho, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, New Mexico, New York, North Dakota, South Carolina, South Dakota, Virginia, Washington, Wisconsin, and Wyoming. States that had minimal requirements, such as name and address: Delaware, Montana, New Hampshire, North Carolina, Oregon, Texas, Utah, and Vermont.

6/ States that required unregulated relatives to meet some minimal requirements: Alaska, California, Colorado, the District of Columbia, Florida, Illinois, Maine, Nebraska, Pennsylvania, Rhode Island, and West Virginia.

7/States that reported some providers were unwilling to serve children subsidized by JOBS or Transitional Child Care (TCC) were: Alabama, California, Colorado, Connecticut, Delaware, Florida, Indiana, Iowa, Kansas, Maryland, Massachusetts, Michigan, Mississippi, Montana, Nevada, New Jersey, New Mexico, Ohio, Oklahoma, Oregon, South Carolina, Tennessee, Texas, Utah, Vermont, Washington, and Wyoming.

8/ Alabama, Indiana, Louisiana, Michigan, Mississippi, New Mexico, North Dakota, South Carolina, and South Dakota.

9/ Only 32 states were able to report the maximum rates they actually paid providers. Of these states, six paid rates just slightly above the income disregard level.

10/ California, Connecticut, Georgia, Maryland, Michigan, Mississippi, New Mexico, North Dakota, South Carolina, South Dakota, Vermont, and Wyoming reported that they did not use the income disregard for working AFDC families.

11/ The child care disregard was the only payment option for working AFDC families in Alaska, Colorado, Idaho, Illinois, Louisiana, Maine, Montana, Oregon, Pennsylvania, and Wisconsin.

12/ Arkansas, Colorado, Illinois, Massachusetts, Minnesota, New Jersey, New York, and Wisconsin supplemented the child care disregard.

13/ States that paid lower rates to relatives in fiscal year 1990 were Alabama, Arizona, California, Colorado, Florida, Georgia, Illinois, Kansas, Kentucky, Louisiana, Massachusetts, Maryland, Minnesota, Missouri, New Hampshire, New Mexico, New Jersey, New York, Pennsylvania, Tennessee, Texas, Utah, Washington, Wisconsin, and Wyoming. States that paid lower rates to in-home care were Alabama, Arizona, California, Colorado, Florida, Georgia, Illinois, Kentucky, Louisiana, Massachusetts, Maryland, Michigan, Minnesota, Missouri, New Hampshire, New Mexico, New Jersey, New York, Oklahoma, Pennsylvania, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, and Wyoming.

14/ States that paid lower rates to exempt family day care homes: Alabama, California, Colorado, Georgia, Illinois, Kentucky, Louisiana, Minnesota, Missouri, New Hampshire, New Mexico, New Jersey, New York, Pennsylvania, Tennessee, Texas, Utah, Vermont, Wisconsin, and Wyoming. In Maryland and Wisconsin, it is up to county discretion whether to pay unregulated relatives or in-home providers lower reimbursement rates than regulated providers.

15/ States that set different reimbursement levels for children with disabilities were Colorado, Connecticut, Idaho, Kansas, Mississippi, Montana, New Jersey, Nebraska, North Carolina, Texas, and Washington.

16/ California, Connecticut, Iowa, Idaho, Illinois, Indiana, Kansas, Maryland, Mississippi, North Dakota, New Jersey, Ohio, Oregon, Pennsylvania, Vermont, Washington, and Wisconsin reported that providers were unwilling to serve children

because of their policies of paying parents directly or delays in payment.

17/ Alabama, Arkansas, Colorado, Delaware, Illinois, Maryland, Mississippi, Missouri, New Hampshire, North Dakota, Oklahoma, Texas, Vermont, and Wyoming.

18/ Alabama, Colorado, Missouri, Oklahoma, and Utah.

19/ Arkansas, the District of Columbia, Georgia, Kansas, Maryland, Nebraska, Nevada, New Jersey, New York, North Carolina, North Dakota, Oregon, Rhode Island, Texas, Virginia, and West Virginia.

APPENDIX A:

STATE FAMILY DAY CARE REQUIREMENTS

States that have either some requirements to protect children or more substantive quality requirements for licensed exempt or self-certified family day care providers include:

Alaska

In order to be paid, family day care must be self-certified. Self-certification involves filling out a form that both the provider and the parent sign explaining basic health and safety issues and other components that promote high quality care. Providers are limited to taking care of two unrelated children (which is lower than the normal license-exempt limits).

Arizona

Exempt family day care homes must be certified which includes quarterly inspections of facilities and health and safety provisions. These homes must guarantee unlimited parental access and may not use corporal punishment.

California

License-exempt family day care providers must be 18 years old, sign a statement of health and education qualifications, and have a clear criminal record. Names, addresses and phone numbers of two character references must be provided, as well as the names and addresses of other potential caregivers.

Florida

Abuse/neglect registry check is required.

Illinois

License-exempt FDC providers must be over age 18, be in good health, and have a clear an abuse/neglect registry check.

Kansas

Same as licensing requirements.

Maine

Abuse/neglect registry check is required.

New Jersey

Exempt family day care homes must be either "registered" or "approved" to receive state funds. Registration requires them to meet Health and Safety requirements, group size requirements,

have a physical and receive training. Approved homes are inspected periodically to ensure compliance with these requirements. "Approved" homes must be either a relative or friend and have a health and safety inspection. These approved homes are reimbursed at a lower level than formally licensed family day care.

Ohio

License-exempt family day care may only receive state money if they are certified. Certification is done by the county, although the requirements are set by the state. They include: inspections, health and safety requirements, training, minimal space for children inside and outside, immunizations, etc.

Tennessee

License-exempt providers fill out a preliminary questionnaire, have an interview with brokers, and an on-site visitation before placement occurs. Following approval, quarterly inspections are done either in person or over the phone by the broker agency which "loosely" use licensing guideline.

West Virginia

Abuse/neglect registry check is required and parents and agency staff must be guaranteed access.

APPENDIX B:

STATE FSA CHILD CARE POLICIES FOR FY 1990

TABLE 1: Maximum Reimbursement Rates Paid in JOBS and Transitional Child in Selected States, FY90 **

	Max. Monthly Rate for Infant FDC, Full Time	Max. Monthly Rate for 4-year old Ctr, Full Time	Max. Hourly Rate for 2-year old Ctr, Part Time
Alaska	$420.00 a/	$395.00 a/	$2.97 a/
Arizona	$279.50	$322.50	$2.64
CA (TCC)	$649.50	$541.25	$5.33
CA (JOBS)	$750.56	$566.58	$5.78
Colorado	$305.95	$267.68	$2.22
Delaware	$219.95	$245.96	$1.91
DC	$258.00	$387.00	$1.80
Florida	$285.95	$225.75	NA b/
Georgia	$180.60	$236.50	$2.40
Illinois	$337.12	$320.78	$3.46
Iowa	$322.50 c/	$258.00 c/	$1.75 c/
Kansas	$209.63	$194.58	$1.52
Kentucky	$258.00	$258.00	$2.25
Maryland	$248.40 d/	$287.00 d/	$1.92 d/
Mass.	$358.84 e/	$611.68 e/	$4.49 e/
Minnesota	$464.40	$549.54	$2.84
Missouri	$215.00	$188.13	$1.50
Nebraska	$279.50	$269.83	$2.50
New Hamp.	$412.80 f/	$348.30 f/	$2.95 f/
New Jersey	$387.00	$301.00	$2.68
New York	$490.20 g/	$567.60 g/	$4.68 g/
N. Carolina	$281.00 h/	$277.00 h/	NA h/
Ohio	$614.90	$451.50	$1.93
Oklahoma	$215.00	$215.00	$2.00
Pennsylvania	$260.00 i/	$305.00 i/	$3.08 i/
Rhode Island	$318.20	$266.60	$2.45
Utah	$208.55	$184.90	$1.23
Vermont	$365.50	$365.50	$1.75
Virginia	$516.00	$464.40	$3.00
Washington	$372.14 d/	$297.85 d/	$2.37 d/
Wisconsin	$516.00	$430.00	$2.25
Wyoming	$322.50	$344.00	$1.60

Source: Children's Defense Fund, 1992.

** The rates on this table reflect the **maximum rates** paid to any provider in the state and should not be thought of as an average. States listed were able to provide us with the maximum rate they actually pay providers, as opposed to their reimbursement limits. The part time hourly rate was calculated using the daily or monthly rate given by the state divided by the maximum number of hours that qualifies as "part-time"; this conversion was done to allow comparison between states.

a/ Rates paid in Anchorage.
b/ Florida doesn't pay for part-time care.
c/ These are the approximate maximum rates paid.
d/ These rates are based on twenty-three days per month.
e/ These rates are the maximum paid in Massachusett's "Voucher" child care program that served most of the state's "JOBS" clients.
f/ These are the maximum rates paid for JOBS child care. TCC has lower rates.
g/ Rates paid in New York City.
h/ Rates paid in Wake County. Part-time rates are negotiated.
i/ Rates for the most expensive county since rates are negotiated individually in each county.

TABLE 2: State Mechanisms for Paying Providers: Percentage of Caseload Served With Each Approach, JOBS and TCC, FY90 a/

	State Designated Providers with Specific # Slots	State Designated Providers w/out Specific # Slots	Any Licensed/ Registered Provider	Any Provider (with no State Approval)
Alabama	na	54%	na	46%
Alaska	na	na	100%	na
Arizona	na	99%	na	1%
Arkansas	80%	na	na	20%
California	na	na	na	100%
Colorado	na	na	100%	na
Connecticut	na	na	na	100%
Delaware	99%	na	na	1%
Dist. of Col.	5%	na	95%	na
Florida	na	na	na	100%
Georgia	na	na	na	100%
Hawaii	na	na	na	100%
Idaho	na	na	na	100%
Illinois	na	na	100%	na
Indiana	na	na	na	100%
Iowa	na	na	100%	na
Kansas	na	Other	na	Other
Kentucky	na	na	na	100%
Louisiana	na	na	na	100%
Maine	na	na	na	100%
Maryland	na	na	78%	22%
Massachusetts	2%	na	94%	2%
Michigan	na	na	na	100%
Minnesota	na	na	100%	na
Mississippi	na	na	na	100%
Missouri	na	25%	na	75%
Montana	na	na	na	100%
Nebraska	na	100%	na	na
Nevada	na	na	na	100%
New Hampshire	40%	na	na	60%
New Jersey	na	na	95% b/	5% b/
New Mexico	na	na	na	100%
New York	Other	Other	Other	Other
North Carolina	na	na	100%	na
North Dakota	na	na	na	100%
Ohio	na	100%	na	na
Oklahoma	na	na	100%	na
Oregon	na	na	na	100%
Pennsylvania	na	na	na	100%
Rhode Island	na	na	100%	na
South Carolina	na	na	na	100%
South Dakota	na	na	na	100%
Tennessee	na	100%	na	na
Texas	67%	na	na	33%
Utah	na	na	na	100%
Vermont	1% c/	na	99%	na
Virginia	na	na	61%	39%
Washington	na	na	60%	40%
West Virginia	na	na	100%	na
Wisconsin	5%	na	25% d/	70% d/
Wyoming	na	na	na	100%

Source: Children's Defense Fund, 1992.

Other = Kansas and New York were unable to estimate the percentage of children served in these approaches. In New York, discretion is left up to the counties regarding which approach to use. In Kansas, the majority of the payment system is one in which parents choose from providers that the state designates. A smaller percentage chooses providers with whom the state has no relationship.

a/ Unfortunately, inconsistency in terminology has made it difficult to compare state approaches to payment systems and provider selection. For example, a state's relationship with a designated provider with a specific number of slots in called a "Voucher Contract" in Arkansas but a "Purchase of Service Agreement" in Delaware. Similarly, states call a system in which parents can choose any licensed or registered provider a "Vendor Voucher", a "Purchase of Service" and an "Invoice".

To clarify state policies and produce more accurate comparisons across states, CDF has grouped state payment mechanisms into the four categories presented in this table. States practices are categorized by their characteristics, rather than the terminology used by each state:

- **State designated providers with a specific number of slots** refers to the approach in which parents choose among a finite set of providers, with whom the state has a relationship guaranteeing a certain number of subsidized children to the providers. This approach has traditionally been called a "contract".

- **State designated providers without a specific number of slots** denotes a similar system in which parents choose among a finite set of providers, who are not, however, guaranteed that any of their slots will be filled with subsidized children.

- **Any licensed/registered provider** describes systems in which families are allowed to choose any provider for their child's care, as long as that providers is licensed or registered by the state licensing agency.

- **Any provider, with no state approval** denotes payment mechanisms in which the state has no way of monitoring the competence of providers, condition of facilities, or the health and safety of children in care.

By using these groupings instead of traditional terminology, states accurately may compare their payment mechanisms with those in other states.

b/ All JOBS clients choose from only regulated providers.
c/ For special needs children.
d/ These percentages are for TCC. 55% of Wisconsin's JOBS families using child care chose any licensed or regulated providers. 50% had providers in which the state had no role in approving them for payment.

TABLE 3: Extent and Form of Direct Payment to Parents, JOBS and TCC, FY90

	Pay Parents Directly	% of Children Served Under this Method of Payment	Possible Methods of Direct Payment: Cash Reimbursement	Cash in Advance	Two-party Payment
Alabama	Yes	46	Y	N	N
Alaska	Other	dk	Y	N	N
Arizona	Other	1	Y	N	N
Arkansas	Yes	2	Y	N	Y
California	Yes	60	Y a/	Y a/	Y a/
Colorado	Other	dk	Y	N	N
Connecticut	Yes b/	100 b/	N	Y	N
Delaware	No	na	na	na	na
Dist. of Col.	Yes	dk	Y	N	N
Florida	Other	dk	Y	N	N
Georgia	Other	dk	Y	N	N
Hawaii	Yes	100	Y	N	N
Idaho	Yes	100	Y	N	N
Illinois	Yes	5 c/	Y	N	Y c/
Indiana	Yes d/	0	N	Y	N
Iowa	No	na	na	na	na
Kansas	Yes e/	dk	N	Y	N
Kentucky	Other	dk	Y	N	N
Louisiana	Yes	100	Y	N	N
Maine	Yes	100	Y	N	N
Maryland	Yes f/	dk	Y	Y	Y
Massachusetts	No	na	na	na	na
Michigan	Yes	100	N	Y	N
Minnesota	Yes	20	Y	N	N
Mississippi	Yes g/	93	Y	N	N
Missouri	Yes	57	Y	N	N
Montana	Yes d/	5	Y	N	N
Nebraska	Other	2	Y	N	N
Nevada	Yes	65	Y	N	N
New Hampshire	Yes	60	Y	N	N
New Jersey	Yes h/	5	Y	N	N
New Mexico	Yes i/	100 i/	Y	N	N
New York	Yes f/	dk	Y f/	Y f/	Y f/
North Carolina	Yes	100	Y j/	Y	N
North Dakota	Yes	50	Y	Y	N
Ohio	No	na	na	na	na
Oklahoma	No	na	na	na	na
Oregon	No	na	na	na	na
Pennsylvania	Yes k/	100 k/	Y	Y	Y
Rhode Island	No	na	na	na	na
South Carolina	No	na	na	na	na
South Dakota	Yes	100	Y	N	N
Tennessee	Other	dk	Y	N	N
Texas	Yes l/	67	Y	N	N
Utah	Other	dk	Y	N	N
Vermont	Yes l/	20	Y	N	N
Virginia	Yes	39	Y	N	N
Washington	Yes	40	Y	N	N
West Virginia	No	na	na	na	na
Wisconsin	Yes	70 m/	Y	N	N
Wyoming	No	na	na	na	na

Children's Defense Fund, 1992.

)ther = These states pay parents directly only when eligibile families apply for Transitional Child Care assistance retroactively.

a/ In California, localities have discretion over the form of direct payment to parents.
b/ In Connecticut, providers who are licensed are now being paid directly by the state.
c/ This "5%" refers to TCC payment. In Illinois, virtually all JOBS child care payments are two-party check, made out to the parent and sent to the providers address.
d/ Allowed only if the provider requests.
e/ Only for care provided in the child's home.
f/ Local discretion as to whether to pay parent. In New York, there must be at least one option in each locality that allows parents to purchase self-arranged care.
g/ Mississippi no longer pays parents directly.
h/ Only pays parents in the TCC program, not those who receive JOBS child care.
i/ Since Spring 1991, New Mexico has also begun to pay providers directly.
j/ In the North Dakota JOBS program, families receive child care subsidy as part of their AFDC grant. Parents submit child care bills, retroactively.
k/ In Pennsylvania, payment now goes directly to regulated providers.
l/ Pays parents only when they use "informal" child care.
m/ Percentage for TCC. In JOBS child care, 50% reimbursements are paid directly to the parent.

TABLE 4: Income Level at Which a Parent with One Child Became Eligible for TCC, and the Amount the Parent Had to Pay for Child Care at that Level, FY90

	Income Eligibility Level a/	Income as % of Fed. Poverty	Minimum Mthly Parent Copayment	Copayment as % of Income
Alabama	$250.40	35.69%	$8.60	3.43%
Alaska	$1,036.33	118.21%	Other	Other
Arizona	$429.62	61.23%	$21.50	5.00%
Arkansas	$352.22	50.20%	Other	Other
California	$802.91	114.43%	$21.00	2.62%
Colorado	$549.01	78.24%	$1.00	0.18%
Connecticut	$769.69	109.69%	Not Implemented	Not Implemented
Delaware	$456.00	64.99%	$31.92 *	7.00%
Dist. of Col.	$485.33	69.17%	$8.60	1.77%
Florida	$383.71	54.69%	$6.45	1.68%
Georgia	$533.86	76.08%	$30.10	5.64%
Hawaii	$583.00	72.20%	$5.00	0.86%
Idaho	$466.25	66.45%	$5.00 *	1.07%
Illinois	$509.27	72.58%	$1.08	0.21%
Indiana	$399.12	56.88%	$4.30	1.08%
Iowa	$543.11	77.40%	$1.08	0.20%
Kansas	$506.36	72.17%	$5.00 b/	0.99%
Kentucky	$652.40	92.98%	$6.52 *	1.00%
Louisiana	$335.43	47.80%	Other	Other
Maine	$691.59	98.56%	$18.05 *c/	2.61%
Maryland	$526.32	75.01%	$0.00	0.00%
Massachusetts	$649.45	92.56%	$8.60	1.32%
Michigan	$679.20	96.80%	$8.00	1.18%
Minnesota	$663.79	94.60%	$0.00	0.00%
Mississippi	$489.86	69.81%	$1.00	0.20%
Missouri	$407.81	58.12%	$1.00	0.25%
Montana	$486.30	69.31%	$20.42	4.20%
Nebraska	$499.00	71.12%	Other	Other
Nevada	$543.00	77.39%	$1.00	0.18%
New Hampshire	$604.33	86.13%	$1.08	0.18%
New Jersey	$524.89	74.81%	$8.60	1.64%
New Mexico	$361.62	51.54%	$16.75	4.63%
New York	$777.00	110.74%	$4.30	0.55%
North Carolina	$446.54	63.64%	$5.00	1.12%
North Dakota	$496.35	70.74%	$1.75	0.35%
Ohio	$473.17	67.44%	$4.30	0.91%
Oklahoma	$403.67	57.53%	$5.00	1.24%
Oregon	$589.91	84.07%	$5.00	0.85%
Pennsylvania	$535.12	76.26%	$20.00	3.74%
Rhode Island	$640.44	91.27%	$4.30 d/	0.67%
South Carolina	$496.47	70.76%	$21.50	4.33%
South Dakota	$575.93	82.08%	$17.50	3.04%
Tennessee	$491.82	70.09%	$1.07	0.22%
Texas	$355.34	50.64%	$38.20 e/	10.75%
Utah	$574.60	81.89%	$1.00	0.17%
Vermont	$739.50	105.39%	$1.00	0.14%
Virginia	$408.00	58.15%	$4.08 *	1.00%
Washington	$627.82	89.48%	$5.00 f/	0.80%
West Virginia	$393.00	56.01%	$2.15	0.55%
Wisconsin	$641.27	91.39%	$5.00	0.78%
Wyoming	$519.70	74.07%	Other	Other

Children's Defense Fund, 1992.

Other = States that determine parental fee according to the cost of care. In Alaska, families pay 5% of the cost of care. In Arkansas, families pay 5% daily rate charged by the provider and in Louisiana families pay 10% of the cost of care. In Nebraska, families pay 1% of the cost of care and in Wyoming, the state pays the provider and parents makes up difference between the state payment and the cost of care.

*Figure derived from information the state provided.

a/ This income level assumes that the parent had been on AFDC for more than twelve months, claimed $90 income disregard for work expenses and claimed the child care disregard. The average child care disregard claimed by working AFDC families during FY89 was used from "Characteristics and Financial Circumstances of AFDC Recipients, FY89", Dept. of Health and Human Services, Table 44.
b/ Pay this amount for first month of subsidy.
c/ Since July, 1990, families at this income pay $1 per week, which is .62% of this monthly income.
d/ This is the amount for parents pay for family day care homes. For center-based care, families would pay $2 per week.
e/ This is a derived figure. Providers may charge families 2.5% to 3% of their gross monthly income, paid weekly. The above, assumes 2.5%.
f/ The minimum monthly copayment in Washington varies by geographic area. This is the median fee from the regions.

TABLE 5: Minimum Amount Families Earning Slightly Below the Federal Poverty Level Paid for Transitional Child Care in FY90

	Family of Two Gross Income $667/mth		Family of Three Gross Income $833/mth	
	Monthly Parent Fee	Fee as % of Income	Monthly Parent Fee	Fee as % of Income
Alabama	$43.00	6.45%	$43.00	5.16%
Alaska	$0.00	0.00%	$0.00	0.00%
Arizona	$21.50	3.22%	$32.25	3.87%
Arkansas	$49.72 *a/	7.45%	$99.44 *a/	11.94%
California	$21.00	3.15%	$21.00	2.52%
Colorado	$57.00	8.55%	$3.00	0.36%
Connecticut	Not Implemented	NA	Not Implemented	NA
Delaware	$46.69	7.00%	$72.89	8.75%
Dist. of Col.	$8.60	1.29%	$12.04	1.45%
Florida	$6.45	0.97%	$12.90	1.55%
Georgia	$30.10	4.51%	$86.00	10.32%
Hawaii	$14.25 *b/	2.14%	$59.30 *b/	7.12%
Idaho	Other	DK	Other	DK
Illinois	$12.90	1.93%	$17.20	2.06%
Indiana	$4.30	0.64%	$4.30	0.52%
Iowa	$1.00	0.15%	$80.63	9.68%
Kansas	$35.00	5.25%	$38.00	4.56%
Kentucky	$6.67	1.00%	$7.60	0.91%
Louisiana	Other	DK	Other	DK
Maine	$17.00	2.55%	$22.00	2.64%
Maryland	$23.65	3.55%	$23.65	2.84%
Massachusetts	$28.00	4.20%	$67.50	8.10%
Michigan	$8.00	1.20%	$18.00	2.16%
Minnesota	$0.00	0.00%	$0.00	0.00%
Mississippi	$6.00	0.90%	$12.00	1.44%
Missouri	$32.25	4.84%	$64.50	7.74%
Montana	$22.50 c/	3.37%	$45.00 c/	5.40%
Nebraska	$111.00 *d/	16.64%	$355.20 *d/	42.64%
Nevada	$1.00	0.15%	$1.00	0.12%
New Hampshire	$182.75 *e/	27.40%	0 e/	0
New Jersey	$43.00	6.45%	$77.40	9.29%
New Mexico	$31.50	4.72%	$26.25	3.15%
New York	$4.30	0.64%	$38.70	4.65%
North Carolina	$16.00	2.40%	$24.20	2.91%
North Dakota	$1.75 *f/	0.26%	$37.50 *f/	4.50%
Ohio	$4.30	0.64%	0 g/	DK
Oklahoma	$35.00	5.25%	$140.00	16.81%
Oregon	$19.00	2.85%	$65.00	7.80%
Pennsylvania	$28.00	4.20%	$40.00	4.80%
Rhode Island	$8.00	1.20%	$63.00	7.56%
South Carolina	$21.50	3.22%	$43.00	5.16%
South Dakota	$17.50 *h/	2.62%	$37.50 *h/	4.50%
Tennessee	$15.05	2.26%	$24.72	2.97%
Texas	$86.04 i/	12.90%	$143.28 i/	17.20%
Utah	$50.00	7.50%	$67.00	8.04%
Vermont	$1.00	0.15%	$1.00	0.12%
Virginia	$16.68	2.50%	$41.65	5.00%
Washington	$5.00	0.75%	$5.00	0.60%
West Virginia	$2.15	0.32%	$4.30	0.52%
Wisconsin	$5.00	0.75%	$5.00	0.60%
Wyoming	Other	DK	Other	DK

Source: Children's Defense Fund, 1992.

Other = Some states had additional methods of determining copayments: In Idaho, families paid 2% of the cost of care. In Louisiana, the family in the first column would have paid 10% of the cost of care. The family in the second column would have paid 30% of the cost of care. In Wyoming, the state pays the provider and parents make up the difference.

*= Figure derived from information provided by the state.

a/ In Arkansas, families paid 25% of the cost of care with an estimated cost of $198.88 for each child.
b/ In Hawaii, the family in the first column paid 5% of the cost of care up to a cost of $285 per month. The family in the second column paid 10% of the cost, up to $285 for a child over the age of two and 10% of the cost, up to $308 for child younger than two.
c/ For the first 6 months. Montana's sliding fee scale is completely linked to the amount of time a family is on TCC. A family of two on TCC for 7th and 8th month paid $56.43, 9th and 10th month $112.87, and $169.31 For the 11th and 12th month. A family of three on TCC paid $112.86 for the 7th and 8th month, $225.74 for the 9th and 10th month and $338.62 for the 11th and 12th month.
d/ The family in the first column would have paid 40% of the cost of care with an estimated cost of $277.5 per month. The family in the second column would have paid 64% of an estimated cost of $555.
e/ In New Hampshire, the state reimbursed contract providers $247.25 per month for the family in the first column and estimated that the average cost of care was $430. For the second family, the state paid $337.55 per months for a contract provider for the child under three and $247.25 for a contract provider for the older child.
f/ In North Dakota, the first parent paid 1% of cost of care, up to a maximum cost of $175 per month. For the family in the second column, the maximum cost of care was capped at $375 per month.
g/ In Ohio, families paid 10% of the cost of care.
h/ In South Dakota, the first parent paid 1% of cost of care, up to a maximum cost of $175 per month. For second family, the maximum cost of care was capped at $375 per month.
i/ The survey respondent assumed 3% of gross monthly income paid weekly.

TABLE 6: The Minimum Amount a Parent with One Child Paid for Child Care at Various Incomes for Transitional Child Care in FY90

	Gross Income $833/mth (Approx. 120% FPL)		Gross Income $1250/mth (Approx. 180% FPL)	
	Monthly Parental Fee	Fee as % of Income	Monthly Parental Fee	Fee as % of Income
Alabama	Not Eligible	DK	Not Eligible	DK
Alaska	$0.00	0.00%	$0.00	0.00%
Arizona	$43.00	5.16%	$64.50	5.16%
Arkansas	$99.44 *a/	11.94%	Not Eligible	DK
California	$21.00	2.52%	$25.00	2.00%
Colorado	$93.00	11.16%	Not Eligible	DK
Connecticut	Not Implemented	NA	Not Implemented	NA
Delaware	$58.31	7.00%	Not Eligible	DK
Dist. of Col.	$8.60	1.03%	$96.75	7.74%
Florida	$19.35	2.32%	$58.05	4.64%
Georgia	$79.55	9.55%	$193.50	15.48%
Hawaii	$28.50 *b/	3.42%	$57.00 *b/	4.56%
Idaho	Other	DK	Other	DK
Illinois	$43.00	5.16%	Not Eligible	DK
Indiana	$43.00	5.16%	$172.00	13.76%
Iowa	$53.75	6.45%	$86.00	6.88%
Kansas	$77.00	9.24%	Not Eligible	DK
Kentucky	$62.48	7.50%	$86.60	6.93%
Louisiana	Other	DK	Other	DK
Maine	$22.00	2.64%	$34.00	2.72%
Maryland	$45.15	5.42%	Not Eligible	DK
Massachusetts	$45.00	5.40%	$82.00	6.56%
Michigan	$8.00	0.96%	$35.00	2.80%
Minnesota	$20.00	2.40%	$78.00	6.24%
Mississippi	$11.00	1.32%	Not Eligible	DK
Missouri	$48.38	5.81%	Not Eligible	DK
Montana	$22.50 c/	2.70%	$32.50 c/	2.60%
Nebraska	$263.63 *d/	31.65%	$263.63 *d/	21.09%
Nevada	$66.53 *e/	7.99%	$199.53 *e/	15.96%
New Hampshire	$182.75 *f/	21.94%	Not Eligible	DK
New Jersey	$51.60	6.19%	$90.30	7.22%
New Mexico	$47.25	5.67%	$52.50	4.20%
New York	$38.70	4.65%	$184.90	14.79%
North Carolina	$80.00	9.60%	$119.00	9.52%
North Dakota	$17.50 *g/	2.10%	Not Eligible	0.00%
Ohio	Other	DK	Other	DK
Oklahoma	$80.00	9.60%	Not Eligible	DK
Oregon	$65.00	7.80%	$307.00	24.56%
Pennsylvania	$40.00	4.80%	$100.00	8.00%
Rhode Island	$36.00	4.32%	$156.00	12.48%
South Carolina	$21.50	2.58%	$34.40	2.75%
South Dakota	$52.50 *h/	6.30%	$157.50 *h/	12.60%
Tennessee	$18.27	2.19%	$68.80	5.50%
Texas	$90.00	10.80%	Not Eligible	DK
Utah	$95.00	11.40%	Not Eligible	DK
Vermont	$1.00	0.12%	$80.63	6.45%
Virginia	$41.65	5.00%	$125.00	10.00%
Washington	$23.00	2.76%	$127.25	10.18%
West Virginia	$21.50	2.58%	$150.50	12.04%
Wisconsin	$5.00	0.60%	$175.00	14.00%
Wyoming	Other	DK	Other	DK

Source: Children's Defense Fund, 1992.

Other = In some states, families paid a percentage of the cost of care. In Idaho, families paid 2% of the cost of care for the first family and 85% for the second. In Louisiana, the family in the first column would have paid 30% of the cost of care. The family in the second column would have paid 50% of the cost of care. In Ohio, the family in the first column paid 10% of the cost of care and the second would have paid 40%. In Wyoming, the state pays the provider and parents make up the difference.

* = Figure derived from information provided by the state.

a/ In Arkansas, families paid 50% of the cost of care with an estimated cost of $198.88 for each child.
b/ In Hawaii, the family in the first column paid 10% of the cost of care up to a cost of $285 per month. The family in the second column would have paid 20% of the cost, up to $285 for a child over the age of two and 20% of the cost, up to $308 for child younger than two.
c/ For the first 6 months. Montana's sliding fee scale is completely linked to the amount of time a family is on TCC. A family of two on TCC earning 120% of the Federal Poverty Index for 7th and 8th month pays $56.43, 9th and 10th month $112.87, and $169.31 For the 11th and 12th month. A family of two earning 180% of the Federal Poverty Index pays an additional $10 surcharge on the above rates for "excessive earned income".
d/ In Nebraska, these families would have paid 95% of the cost of care, at an estimated cost of $277.5 per month.
e/ In Nevada, the family in the first column would have paid 30% of the cost of care, estimated at $221.76 per month. The family in the second column would have paid 90% of the cost of care, estimated at $221.76.
f/ In New Hampshire, the state reimbursed contract providers $247.25 per month for the family in the first column and estimated that the average cost of care was $430.
g/ In North Dakota, the first parent paid 10% of cost of care, up to a maximum cost of $175 per month.
h/ In South Dakota, the first parent paid 30% of cost of care, up to a maximum cost of $175 per month. The family in the second column would have paid 90% of the cost, up to the same maximum.

TABLE 7: The Minimum Amount a Parent With Two Children in Care Paid for Child Care while on Transitional Child Care in FY90

	Gross Income of $1250/mth (Approx. 140% federal poverty level)	
	Monthly Parental Fee	Fee as % of Income
Alabama	Not Eligible	DK
Alaska	$0.00	0.00%
Arizona	$64.50	5.16%
Arkansas	$298.49 *a/	23.88%
California	$25.00	2.00%
Colorado	Not Eligible	DK
Connecticut	Not Implemented	NA
Delaware	$109.38	8.75%
Dist. of Col.	$140.78	11.26%
Florida	$69.66	5.57%
Georgia	$197.80	15.82%
Hawaii	$118.60 *b/	9.49%
Idaho	Other	DK
Illinois	$122.55	9.80%
Indiana	$107.50	8.60%
Iowa	$112.88	9.03%
Kansas	$126.00	10.08%
Kentucky	$86.60	6.93%
Louisiana	Other	DK
Maine	$34.00	2.72%
Maryland	$129.00	10.32%
Massachusetts	$123.00	9.84%
Michigan	$18.00	1.44%
Minnesota	$36.00	2.88%
Mississippi	$12.00	0.96%
Missouri	Not Eligible	DK
Montana	$55.00 c/	4.40%
Nebraska	$527.26 *d/	42.18%
Nevada	$199.58 *e/	15.97%
New Hampshire	Other f/	DK
New Jersey	$135.45	10.84%
New Mexico	$52.50	4.20%
New York	$184.90	14.79%
North Carolina	$130.90	10.47%
North Dakota	$187.50	15.00%
Ohio	Other g/	DK
Oklahoma	Not Eligible	DK
Oregon	$307.00	24.56%
Pennsylvania	$100.00	8.00%
Rhode Island	$273.00	21.84%
South Carolina	$68.80	5.50%
South Dakota	$96.25	7.70%
Tennessee	$68.80	5.50%
Texas	$215.00 g/	17.20%
Utah	Not Eligible	DK
Vermont	$119.33	9.55%
Virginia	$125.00	10.00%
Washington	$73.25	5.86%
West Virginia	$172.00	13.76%
Wisconsin	$67.00	5.36%
Wyoming	Other	DK

Source: Children's Defense Fund, 1992

Other = In some states, families copayments are determined by the cost of care. In Idaho, families paid 25% of the cost of care. In Louisiana, the family would have paid 50% of the cost of care. In Ohio, the family paid 25% of the cost of care and In Wyoming, the state pays the provider and parents make up the difference.

*= Figure derived from information provided by the state.

a/ In Arkansas, families paid 75% of the cost of care with an estimated cost of $198.88 for each child.
b/ In Hawaii, the family paid 20% of the cost of care up to a cost of $285 for child over two and up to a cost of $308 for a child under two.
c/ For the first six months. Montana's sliding fee scale is completely linked to the amount of time a family is on TCC. A family of three on TCC would pay $122.86 in the 7th and 8th month, $235.74 in the 9th and 10th month and $348.62 in the 11th and 12th month.
d/ In Nebraska, the family would have paid 95% of the cost of care, estimated at $277.50 for each child.
e/ In Nevada, the family would have paid 45% of the cost of care, estimated at $221.76 per month for each child.
f/ In New Hampshire, the state paid providers with "contracts" $337.55 and $236.50 to "noncontract" providers for children under three. For children over three the rate was $247.25 for "contract" providers and $193.50 for "noncontract" providers. Parents make up the difference.
g/ Respondent assumed 4% of the families gross monthly income, paid weekly.

APPENDIX C:

STATE JOBS & TCC EXPENDITURES

Table 8: JOBS and Transitional Child Care Expenditures by Quarter in Federal FY 1990

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year Total
Alabama	$0	$0	$56,589	$319,119	$375,708
Alaska	$0	$0	$0	$2,376	$2,376
Arizona	$0	$0	$4,179	$99,080	$103,259
Arkansas	$270,424	$772,011	$929,093	$998,788	$2,970,316
California	$4,769,856	$4,733,668	$6,632,558	$6,898,332	$23,034,414
Colorado	$0	$425,619	$776,393	$987,813	$2,189,825
Connecticut	$1,732,072	$1,623,220	$1,675,667	$1,398,017	$6,428,976
Delaware	$84,016	$296,252	$752,206	$586,784	$1,719,258
Dist. of Col.	$0	$0	$687,298	$736,001	$1,423,299
Florida	$1,212,441	$2,272,111	$3,186,412	$12,442,115	$19,113,079
Georgia	$1,562,119	$2,286,977	$3,388,063	$3,825,409	$11,062,568
Hawaii	$0	$0	$0	$11,863	$11,863
Idaho	$0	$0	$2,477	$16,590	$19,067
Illinois	$0	$0	$1,364,169	$2,478,621	$3,842,790
Indiana	$0	$0	$234	$56,741	$56,975
Iowa	$614,316	$645,436	$862,862	$639,858	$2,762,472
Kansas	$765,021	$661,404	$1,054,040	$1,042,540	$3,523,005
Kentucky	$0	$0	$821	$23,248	$24,069
Louisiana	$0	$0	$5,582	$64,183	$69,765
Maine	$0	$0	$0	$106,755	$106,755
Maryland	$914,454	$6,004,504	$4,897,604	$3,975,390	$15,791,952
Massachusetts	$8,162,062	$8,062,042	$3,320,641	$8,708,978	$28,253,723
Michigan	$1,143,997	$1,298,448	$4,568,317	$2,492,249	$9,503,011
Minnesota	$0	$3,687,977	$7,595,961	$2,796,530	$14,080,468
Mississippi	$0	$0	$0	$35,394	$35,394
Missouri	$0	$0	$6,107	$100,566	$106,673
Montana	$0	$0	$0	$0	$0
Nebraska	$1,171,467	$1,149,765	$1,299,869	$1,508,970	$5,130,071
Nevada	$129,998	$221,452	$326,906	$276,162	$954,518
New Hampshire	$190,177	$316,433	$403,243	$460,980	$1,370,833
New Jersey	$3,514,954	$2,757,712	$3,515,274	$3,782,840	$13,570,780
New Mexico	$0	$0	$3,863	$921,944	$925,807
New York	$0	$0	$4,919,169	$6,108,478	$11,027,647
North Carolina	$0	$0	$22,341	$99,191	$121,532
North Dakota	$0	$0	$349,433	$294,170	$643,603
Ohio	$885,540	$675,649	$1,737,270	$2,223,380	$5,521,839
Oklahoma	$265,859	$287,646	$436,678	$424,652	$1,414,835
Oregon	$0	$0	$143,222	$521,890	$665,112
Pennsylvania	$0	$0	$0	$0	$0
Rhode Island	$685,828	$1,099,411	$1,149,048	$375,245	$3,309,532
South Carolina	$4,663	$17,897	$53,445	$58,917	$134,922
South Dakota	$224,594	$215,907	$215,469	$187,487	$843,457
Tennessee	$0	$0	$26,714	$170,705	$197,419
Texas	$445,688	$661,004	$593,928	$1,138,345	$2,838,965
Utah	$1,284,067	$1,529,170	$1,858,039	$1,775,147	$6,446,423
Vermont	$0	$1,014,844	$0	$0	$1,014,844
Virginia	$0	$0	$3,783	$82,927	$86,710
Washington	$1,752,802	$1,920,957	$2,435,751	$2,451,705	$8,561,215
West Virginia	$58,884	$242,724	$405,083	$504,381	$1,211,072
Wisconsin	$780,195	$2,846,268	$2,161,971	$3,288,606	$9,077,040

Source: Department of Health and Human Services, Administration for Children and Families

Table 9: JOBS and Transitional Child Care Expenditures by Quarter in Federal FY 1991

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year Total
Alabama	$797,268	$1,103,400	$1,339,552	$1,644,608	$4,884,828
Alaska	$17,542	$286,398	$175,370	$507,855	$987,165
Arizona	$317,535	$748,936	$1,245,637	$1,236,712	$3,548,820
Arkansas	$1,393,810	$1,122,017	$1,608,179	$746,252	$4,870,298
California	$7,386,052	$5,872,644	$9,778,680	$7,523,720	$30,561,096
Colorado	$1,319,686	$1,228,746	$1,520,946	$1,437,535	$5,506,913
Connecticut	$2,572,331	$2,786,603	$3,057,299	$2,358,378	$10,774,611
Delaware	$609,209	$565,766	$662,021	$723,652	$2,560,648
Dist. of Col.	$1,095,950	$1,093,806	$1,344,819	$1,592,653	$5,127,228
Florida	$7,538,502	$10,875,972	$8,767,797	$8,658,256	$35,840,527
Georgia	$4,377,760	$4,501,487	$5,237,771	$5,861,589	$19,978,611
Hawaii	$58,247	$43,563	$97,094	$88,234	$287,138
Idaho	$49,489	$172,342	$199,983	$208,547	$630,361
Illinois	$4,810,407	$3,560,683	$5,440,541	$1,961,295	$15,772,926
Indiana	$209,804	$499,812	$543,528	$754,929	$2,008,073
Iowa	$866,994	$697,219	$806,403	$703,599	$3,074,215
Kansas	$1,282,034	$1,202,317	$1,398,717	$1,522,227	$5,405,295
Kentucky	$888,676	$1,787,323	$2,079,942	$2,013,727	$6,761,668
Louisiana	$165,611	$234,280	$288,231	$312,057	$999,979
Maine	$466,500	$487,735	$377,104	$121,051	$1,452,390
Maryland	$3,764,692	$3,221,308	$5,300,452	$2,173,418	$14,459,870
Massachusetts	$9,362,557	$19,186,978	$19,107,568	$8,107,154	$55,764,257
Michigan	$5,739,693	$5,642,081	$5,410,281	$3,630,090	$20,422,145
Minnesota	$6,197,825	$1,837,632	$5,287,920	$2,844,991	$16,168,368
Mississippi	$56,432	$181,777	$280,869	$433,863	$952,941
Missouri	$268,354	$410,089	$895,223	$1,227,249	$2,800,915
Montana	$235,175	$779,609	$697,237	$982,546	$2,694,567
Nebraska	$2,008,341	$1,886,568	$2,053,641	$2,065,495	$8,014,045
Nevada	$302,945	$231,789	$338,689	$368,328	$1,241,751
New Hampshire	$680,400	$770,575	$793,395	$667,629	$2,911,999
New Jersey	$3,708,854	$3,327,872	$0	$0	$7,036,726
New Mexico	$659,921	$598,131	$540,318	$472,451	$2,270,821
New York	$0	$7,940,558	$20,092,960	$12,620,836	$40,654,354
North Carolina	$372,414	$2,781,273	$3,850,973	$5,596,397	$12,601,057
North Dakota	$536,100	$555,391	$618,333	$428,637	$2,138,461
Ohio	$3,583,492	$3,266,537	$6,445,219	$3,942,014	$17,237,262
Oklahoma	$18,619,295	$806,706	$6,445,990	$4,386,825	$30,258,816
Oregon	$1,232,607	$1,498,528	$2,132,997	$2,387,493	$7,251,625
Pennsylvania	$0	$275,037	$519,302	$34,930,405	$35,724,744
Rhode Island	$860,463	$1,633,817	$1,616,139	$402,003	$4,512,422
South Carolina	$106,779	$142,680	$304,598	$189,470	$743,527
South Dakota	$335,748	$338,268	$336,769	$268,273	$1,279,058
Tennessee	$442,575	$924,676	$2,249,914	$1,403,853	$5,021,018
Texas	$1,318,782	$3,263,450	$5,578,670	$8,986,294	$19,147,196
Utah	$2,022,316	$1,957,481	$2,149,761	$1,115,905	$7,245,463
Vermont	$628,401	$737,113	$787,396	$283,368	$2,436,278
Virginia	$687,084	$2,585,321	$7,409,848	$3,570,252	$14,252,505
Washington	$2,326,917	$3,794,370	$4,465,296	$2,282,853	$12,869,438
West Virginia	$645,352	$621,637	$732,538	$849,842	$2,849,369
Wisconsin	$4,303,360	$3,379,135	$3,606,493	$8,710,805	$19,999,793
Wyoming	$456,984	$419,703	$556,847	$644,907	$2,078,441

Source: Department of Health and Human Services, Administration for Children and Families

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APPENDIX D:

STATE CONTACTS FOR FSA CHILD CARE

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